

CITY OF ROCKVILLE
FINANCIAL ADVISORY BOARD

DATE: August 23, 2016
Red Maple Conference Room, 2nd Floor City Hall
TIME: 7:00PM

Board Meeting
MINUTES

PRESENT: Board Members: Kavita Dawson, Jack Kelly (Chair), Michael Onyemelukwe, Almon Turner
Staff Liaison: Stacey Webster
Prospective Board Members: Len Briskman, Andrew Leach, Bob Wright, Lou Marinelli

Absent: Mayor and Council Liaison, Councilmember Beryl Feinberg

The meeting commenced at 7:02 p.m.

The meeting started with introductions of all current Board members and all prospective Board members that were present.

I. Approval of Minutes from June 7, 2016

Mr. Kelly asked that staff add a comment under future agendas to clarify that the “Potential Changes to City Code” were related to increasing the number of Board members. A motion was made by Ms. Dawson to approve the amended minutes from the June 7, 2016 meeting. The motion was seconded by Mr. Onyemelukwe. All voted in favor.

II. Discussion of Open Meetings Act

Mr. Kelly described the relationship between the Board’s calendar and staff’s schedule of projects. Mr. Kelly explained that the Board is responsible for reviewing and commenting on items before staff presents the items to the Mayor and Council. He acknowledged that timing could be challenging because of staff’s schedule, and in order to comply with the Open Meetings Act it may mean that the Board holds more frequent meetings. He also mentioned that City staff and the FAB both need to meet planned deadlines for producing and reviewing documents in order for Board’s comments to be included in staff recommendations to the Mayor and Council.

Mr. Kelly said that he will review the Open Meetings Act information from Ms. Conway and take the training that is required for all Board and Commission chairs.

Mr. Turner said that he is not averse to having more meetings if the meetings are focused and specific. Ms. Dawson mentioned that in the past individual members of the Board worked on items outside of the meetings and then presented their recommendations at the formal Board meetings. At that time the

other Board members were able to discuss and approve the recommendation in order to comply with the Open Meetings Act.

Mr. Onyemelukwe asked the Board if they would consider forming sub-committees in order to work on projects outside of the formal public meetings. Ms. Webster said that two members could meet in a sub-committee without triggering the three-person quorum requiring a public meeting.

Ms. Dawson asked if the public meetings need to be in person or if members could call in (conference call, GoToMeeting, Skype, etc.). Mr. Kelly acknowledged Ms. Dawson's question and asked the Board for additional questions or suggestions related to the Open Meetings Act. After Mr. Kelly compiles the Board's thoughts/questions he will work with Ms. Webster or Ms. Conway to schedule a meeting with the City Attorney.

III. FAB Member Reports

Mr. Kelly said that he has been working on the Purchasing items, specifically the changes to the City Code and the 6- and 12-month Purchasing Action Plan update. He explained that there were delays in the original timetable. Ms. Webster said she will follow-up with Ms. Blow to see if she scheduled the changes to the City Code and the 12-month update.

Mr. Kelly also asked Ms. Webster whether she has been able to find out from David Levy when the Planning Department intends to have a draft RFP for hiring a consultant to develop a model for estimating the revenue and cost impacts of various development scenarios. Ms. Webster responded that she will contact Mr. Levy to get an update.

Ms. Dawson said that she received the timeline for the Cost Allocation Plan from Mr. Cohen.

Mr. Onyemelukwe mentioned that he started working on the cash and investment information. He stated he was in the process of reviewing the current policy, and proceeded to ask the Board if they had concerns. Ms. Dawson mentioned that the Board was interested in the investment policy because the City's investment earnings are low. Ms. Dawson said the City was earning 10 basis points and she felt that it was terribly low for the amount of cash reserves the City maintains on an annual basis.

Ms. Webster explained that the types of investments made by the City are restricted by State statute. Mr. Turner explained that local governments are also very restricted to types of securities and he also discussed diversity and laddering. Ms. Webster also asked Mr. Onyemelukwe for his opinion on potentially hiring an investment advisory firm for discretionary or non-discretionary investment services. Mr. Kelly asked Mr. Onyemelukwe to determine the types of investments permitted by State statute and to determine whether the City was permitted other investment choices that could increase its earnings. He also asked Mr. Onyemelukwe to determine the magnitude of increased investment earnings that might be possible within the State's restrictions.

The Board then discussed how the City's water and sewer capital expenses tie into the low interest rates garnered through the City's utility bond issues. Ms. Webster reminded the Board that the City pays for debt service through the water and sewer charges and the more bond proceeds the City issues for water and sewer projects the higher the rates will be.

Mr. Turner mentioned that he is committed to reviewing the CAFR and single audit. Mr. Webster said that he will receive the reports towards the end of October when the information is final.

IV. Calendar Update

Ms. Webster provided two calendars: the first was the updated Board calendar and the second was a draft of the budget calendar that will be presented to the Mayor and Council on September 12, 2016.

The updated Board calendar reflected the change in the Mayor and Council September budget meetings and the delay of the Procurement items.

The draft of the budget calendar that will be presented to the Mayor and Council included dates of proposed meetings for FY 2018. Ms. Webster asked the Board to review the Mayor and Council's calendar and to provide comments on the calendar and overall budget process. Ms. Webster said that she would like to include the Board's comments in the actual agenda item for September 12, 2016. The Board discussed the calendar, the Cost Allocation Plan, and various related items and unanimously voted to include the following statements in the Mayor and Council agenda item:

1) The Financial Advisory Board would like to participate in the budget worksessions that are proposed for March 6, March 20, April 3, and April 17. The Board's participation would include recommendations or changes to the City Manager's proposed budget and/or allowing them to respond to new items that the Mayor and Council may consider after the City Manager's proposed budget is presented.

2) The Board recommends accelerating the proposed schedule for the update to the Cost Allocation Plan (CAP) so that the final report will be completed by the end of December. The Board unanimously agreed that the CAP is critical to the FY 2018 budget process and more time is necessary to fully analyze the results.

V. Discussion of Board Vacancies

(This item was discussed in conjunction with item VI.)

VI. Potential Changes to Chapter 2, Division 2 of the Rockville City Code to increase the number of FAB members

Mr. Kelly asked if the Board was interested in expanding the number of Board members. Ms. Dawson asked what the downside would be to increasing the size of the Board. Mr. Turner said that more members will generate more emails. Mr. Kelly said he would like to expand the Board because there is a great deal of work to be done, and he enjoys the different perspectives. Mr. Kelly made a motion to recommend a change to the City Code to increase the size of the Board from five to seven. Mr. Turner seconded the motion. All voted in favor.

Ms. Webster discussed this action with Ms. Conway and, as a result, will include this recommendation in the Mayor and Council's agenda item on the Board's Action Report.

VII. FAB Issues Status Report

Mr. Kelly described the draft Action Plan memo for the Mayor and Council. Mr. Kelly mentioned that he added a paragraph on concerns related to the Open Meetings Act. Mr. Kelly made a motion to send this report to the Mayor and Council. Mr. Onyemelukwe seconded the motion and all voted in favor.

Ms. Dawson concluded this item by recommending that the Board create a training mechanism or guide to acclimate new Board members. Training materials will be put together by Ms. Dawson. Ms. Webster will provide Ms. Dawson with the glossary and acronym list from the budget document. Ms. Webster also mentioned that new members should review the City's documents like the PAFR, CAFR, and budget.

VIII. Future Agendas

The Board agreed to reschedule the October meeting from October 18 to October 11 in order to provide comments/recommendation on the October 24, 2016, Mayor and Council agenda item related to the update to the City's Investment Policy.

The Board asked when the Mayor and Council will approve the next round of Board and Commission appointments. Ms. Webster will check with Ms. Conway.

The next meeting is scheduled for **October 11, 2016**, and will include the following:

- I. Approval of Minutes
- II. FAB Member Reports
- III. Calendar Update (staff)
- IV. Changes to City's Statement of Investment Policy
- V. Changes to the City's Quarterly Financial Report
- VI. Update on Potential Changes to City Code to increase number of Board members
- VII. FAB Issues Status Report
- VIII. Future Agendas

Action Items:

- Board members will send Mr. Kelly their questions/comments on the Open Meetings Act.
- Mr. Kelly will email the Mayor and Council the FAB's FY 2017 Action Report.
- Mr. Onyemelukwe will work on reviewing the City's Investment Policy and will be prepared to discuss potential changes at the October meeting.
- Ms. Dawson will work with Ms. Webster to gather materials for a new member training guide.
- Ms. Webster will check with Ms. Blow, Director of Procurement, to find out when the 12-month Procurement Update will be available.
- Ms. Webster will check with Ms. Blow to find out when the Code Changes related to Procurement will be presented to the Mayor and Council.
- Ms. Webster will include language in the September 12th budget presentation to the Mayor and Council related to the FAB's involvement in the FY 2018 budget process.
- Ms. Webster will work with Kathleen Conway, City Clerk/Director of Council Operations, to schedule a time for the FAB to formally present their Action Plan to the Mayor and Council (this presentation will include a recommendation to increase the size of the Board from five to seven members).
- Ms. Webster will notify the FAB when new Board and Commission appointments are on the Mayor and Council's calendar.

The meeting adjourned at 8:47 p.m.